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January 17, 2005

Sent via U.S. Mail

Eric Johnson
U.S. Environmental Protection Agency
Region 8, 8ENF-T
999 18th Street, Suite 300
Denver, Colorado 80202-2466

RE: Progress report for December 2004 activities - Hecla Mining Company Apex Site (EPA
ID No. UT982589848, Docket No. RCRA-8-99-06)

Dear Mr. Johnson:

Per paragraph 64 of the Order, enclosed is a copy of the December 2004 progress report for
your records.

If you have any questions please do not hesitate to call me at (208) 769-4135 or e-mail at
cgypton@hecla-mining.com.

Sincerely,

Chris Gypton
Project Manager

Encl

Cc: John Galbavy, Esq. (HMC) (w/o attachments)
John Jacus, Esq. (DG&S)

U89848
03-27



January 17, 2005

MEMORANDUM TO: Paul Glader
COPIES TO: file, distribution
FROM: Chris Gypton
SUBJECT: **Progress Report No. 8 for period ending December 31, 2004; Pond 2 Final Closure - Apex Site, Washington County, Utah**

Summary

Abnormal precipitation (rain and snow) continued through the month of December. Based on the rain gauge at the OMG plant the site received approximately 2 to 3 inches of rain in December and a total of 17.6 inches of precipitation in 2004.

Site activities focused on managing the seepage collection system and upgrading the drainage and evaporation systems. One larger evaporation basin was excavated and lined, and the excavation for another one was completed. Provisions have been made to install a total of four larger basins. Additional drainage piping and sumps were also installed.

The revised schedule assumes that management of the seepage collection system will be main activity through March 2005, however the dewatering sumps will be pumped out if it appears the conditions to evaporate this water are favorable. The winter wet season typically ends in late March to early April, so we plan to focus more on dewatering starting in April 2005. The water level in seepage collection ponds will be kept as low as possible in any case. Based on our observations of the evaporation rate in summer 2004, it is reasonable to set the target start of the final cover construction in late June 2005.

Major Issues

1. Heavy precipitation (rain and snow) continue to make work at the site a challenge, but have not been un-manageable. The start of final cover installation must be deferred until May 2005, at the earliest.
2. We have noted evidence of some unknown gas venting from the tailings in limited locations. Gas bubbles were seen coming up through some of the pools of standing rain water late in the month, and there has been uplift of the completed evaporation basin liner. Arrangements have been made to have a lab sample and characterize the gas in early January 2005. Based on the materials disposed of in the impoundment it is likely the gas could be carbon dioxide, from the reaction of the low pH water with the limestone in the ore. Once we know what the gas is composed of we will determine what revisions, if any, need to be made to the final cover to manage it long term.

Work Planned for Next Period

1. Continue management of the existing seepage collection system. Water collected in the system will be periodically pumped back to the impoundment and allowed to evaporate. The inventory of water in the seepage collection system will be kept to a practical minimum.
2. Dewatering of the tailings as weather conditions permit.
3. Complete the upgrade of the dewatering system piping and lining of the second larger evaporation basin.
4. Sample and characterize the gas venting from the tailings.

Work in Process

Procure Outside Services

1. A separate contract will be issued to Hughes for the periodic site maintenance. (Hughes is currently doing this work under the T&M earthwork contract issued in December 2004) This will consist of pumping out the seepage collection ponds as required. The contract will include provisions for a minimum payment to the contractor to ensure their personnel are "on call" in case heavy rain events require prompt pumping out of the ponds. Gila Management will also visit the site several times a month to review/document conditions.
2. At the close of the month the Baker tank was still on site, but off rent. This equipment is not needed. Baker has promised to remove the unit as soon as possible.

Procure Materials

1. Hughes purchased and delivered additional piping materials to upgrade the drainage system.

Contractor Submittals

1. No activity

Seepage Collection System Maintenance

1. Personnel were on site a total of fifteen days in the month for earthwork related activities. Seepage collection system was maintained concurrently. The contractor sent a crew to site on December 31st to inspect the collection ponds and run the pumps as necessary.

Miscellaneous Civil Work and Dewatering System Upgrades

1. Hughes upgraded the short access road to the impoundment by raising the road surface and repairing the drainage ditches.
2. One of the four larger (200 ft x 100 ft x 3 ft deep) evaporation basins was excavated and lined (designated Basin 4, see attached sketch). All water in the existing smaller evaporation basins was transferred to the larger one and unneeded the smaller ones removed.
3. Excavation for Basin 3 was completed, but wind and rain prevented installation of the liner. This will be done in January 2005.
4. Two additional dewatering sumps were temporarily installed. We plan on installing a total of seven additional sumps and associated piping as weather permits.

Phase II Drain/Evaporate Excess Water

1. This activity was intermittent in December, most of the efforts were focused on managing the seepage collection system and civil works improvements.

Sampling and Analysis in Period

Material Characterization

1. No activity

Field Tests, Inspections & QA/QC

1. No activity

Cost and Schedule

Committed costs in December 2004 were approximately \$59,000. The majority of the expenditures were associated with management of the seepage collection system and replacement of the evaporation cells with larger ones. Total project to date committed is approximately \$326,000. Forecast cost at completion is now expected to be \$1,018,000. Refer to the November 2004 progress report for discussion of the additional estimated costs.

The cost report for December is attached. Current status of the deliverables listed in the RCRA 7003 order is as follows:

Deliverable	Reference Paragraph	Due	Remarks
Post warning signage around perimeter of site	57	15 days after effective date of order	Work completed on March 9, 2004
Begin implementation of closure plan	63	45 days after receipt of filing of order	Work started on February 23, 2004
Monthly progress reports	64	28th day after close of month	Requirement in effect after order is filed.
Completion report	65	30 days after completion of all closure plan tasks	To be submitted within 30 days after work has been physically completed and all contracts closed out.

The update of the schedule milestones is on the following table:

Milestone	Target	Actual	Remarks
Issue bid package – Phase I (Sump Drains)	6/14/04	6/15/04	Portion of RFP materials issued at pre-bid on 6/14/04; remainder sent via courier
Issue RFP package – Phase III	6/24/04	6/24/04	
Award contract for Phase I	6/24/04	6/29/04	Date contract was shipped to Hughes
Pre-bid meeting – Phase III	7/19/04	7/19/04	
Start Phase I (Sump Drains) construction	7/12/04	7/19/04	
Start Phase II (Evaporation)	7/19/04	7/29/04	
Receive bids for Phase III	8/2/04	8/2/04	
Re-bid Phase III contract package	April 2005		
Start Phase III construction	June 2005		Revised target based on dewatering progress
Complete Phase III construction	August 2005		Revised target based on late PH III start

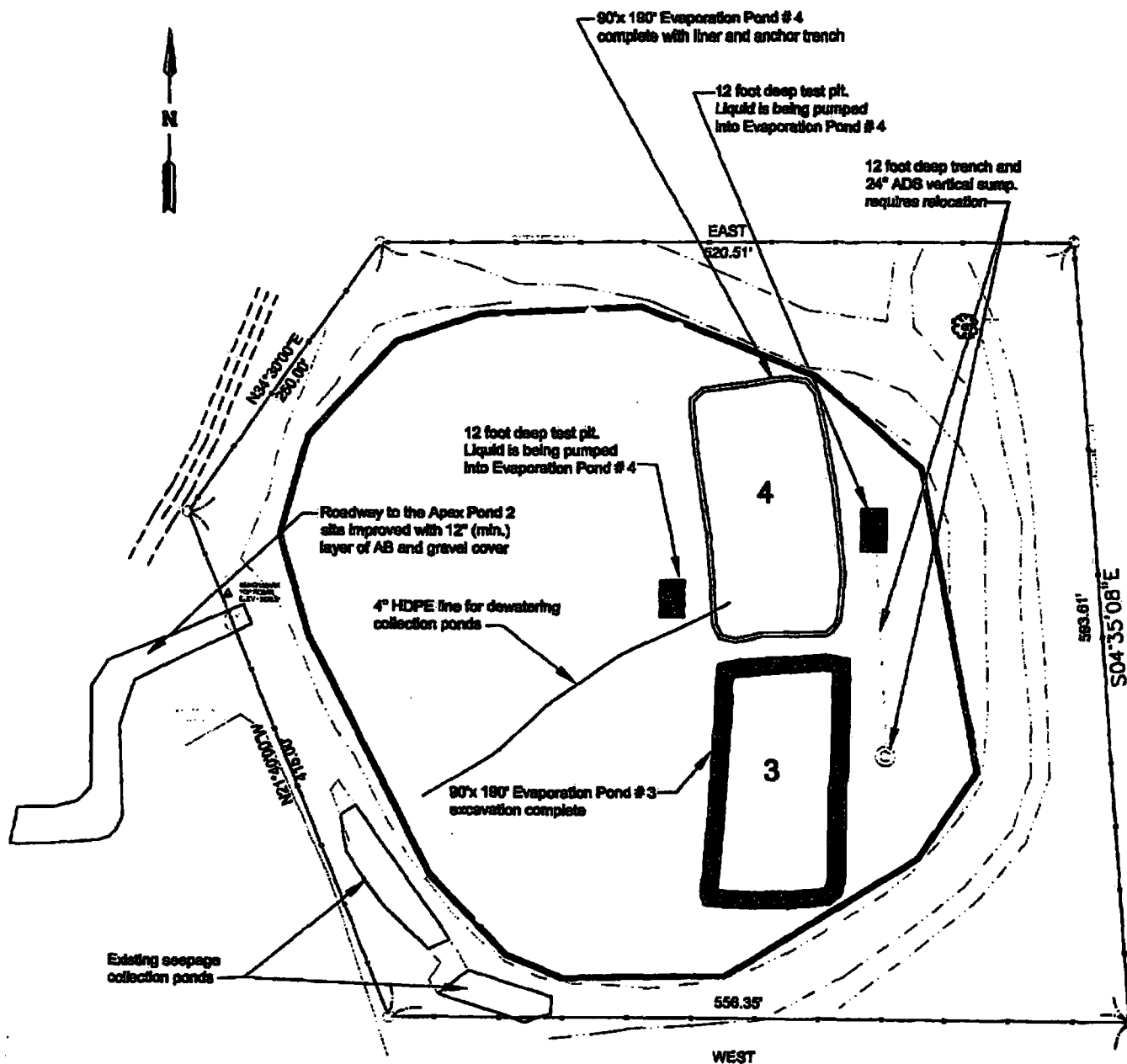
Supplemental Attachments

1. Sketch of work completed/in progress as of December 31, 2004, by J. David Jones (Gila Management, LLC)

Activity	2004 Budget	Revised Budget May 2004	Committed Cost this Period	Cumulative Committed Cost To Date 12-31-04	Forecasted Cost To Complete	Forecasted Final Cost	Remarks on Forecast to Complete
Phase I - Drain Excess Liquid From Tailings							
Test wick program - Nillex		35,000		35,000	0	35,000	
Earthwork during wick test program		2,000		1,768	0	1,768	
Install drainage piping and sumps:							
Contractor mobilization/demobilization		5,500		5,500	0	5,500	
Install sumps - material & labor		20,000		24,500	0	24,500	
Build surface evaporation ponds		2,700		838	0	838	
Remove existing evaporation ponds		2,000		0	0	0	Work moved to Phase III
Bury existing pond material & regrade		2,000		0	0	0	Work moved to Phase III
Survey monuments		3,500		1,160	500	1,660	One trip plus final report
Subtotal Phase I	189,200	72,700		68,768	500	69,268	
Phase II - Evaporate Excess Liquid							
Operate evaporation & pumping system		8,000		9,585		9,585	FY 2004 work only
Test pits to determine dewatering progress				1,320		1,320	
Upgrade evaporation cells & collection sumps			40,938	49,138	46,514	95,652	
Dewatering & seepage collection management				12,152	92,000	104,152	T&M labor + pump rental; November '04 through May '05
Subtotal Phase II	8,000	8,000	40,938	72,195	138,514	210,709	
Phase III - Regrading & Final Cover System							
Contractor mobilization/demobilization		20,000		4,428	37,600	42,028	
Excavate existing embankment		15,000		0	46,000	46,000	
Final grading of 1% surface		2,500		0	56,000	56,000	
Place barrier layer (GCL) - top		200,000		0	150,000	150,000	
Place barrier layer (GCL) - outcrops		50,000		0	0	0	Incl w/ GCL cover cost
Excavate diversion channel		9,100		0	37,000	37,000	
Place 12" protection layer on top surface		19,000		0	45,000	45,000	
Reconstruct outside embankment		7,350		0	0	0	Incl w/ excavation of existing embankment
Finish grade 1% surface - top		3,000		0	0	0	Incl w/ 12" protection layer
Place surface layer at outcrops (D50 = 1")		4,800		0	0	0	Incl w/ 12" protection layer
Recontour diversion channel for drainage		2,000		0	0	0	Incl w/ diversion channel exc
Place diversion channel erosion protection (3" rock)		3,800		0	0	0	Incl w/ diversion channel exc
Surveying - diversion channel drainage		2,500		0	0	0	Incl w/ diversion channel exc
Remove existing evaporation ponds		0		0	7,500	7,500	
Clear site for construction		3,000		0	3,000	3,000	
Performance & Payment Bond		0		0	4,500	4,500	
Subtotal Phase III	337,000	342,050	0	4,428	386,600	391,028	
Field Indirect Costs							
Construction Management labor		108,360	12,980	111,811	56,100	167,911	
Construction Management field expenses		38,575	4,561	24,132	38,900	63,032	
Field office trailer		6,525	165	1,838	1,820	3,658	
CQA testing		9,200		0	17,100	17,100	
CQA completion report		5,000		0	5,000	5,000	
Survey and layout		2,208		0	2,200	2,200	
Material classification tests		1,500		3,562	2,500	6,062	
Consulting Eng ineer		42,200		30,950	25,100	56,050	
Subtotal Consultants	164,500	213,568	17,726	172,292	148,720	321,012	
Hecia Costs							
Labor	15,500	15,500	510	7,800	13,000	20,800	
Travel expenses	3,200	3,200		969	4,600	5,569	
Subtotal Hecia Costs	18,700	18,700	510	8,769	17,600	26,369	
Total Pond 2 Final Closure	715,400	665,018	68,172	326,447	691,934	1,018,381	

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PHASE IIA: PLAN VIEW OF SUMPS AND EVAPORATION PONDS
SITE PROGRESS AS OF DECEMBER 31, 2004



NOT TO SCALE

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03-27

January 17, 2005

Sent via U.S. Mail

Glenn Rogers, Chairman.
Shivwits Band of Paiute Indian Tribe
P.O. Box 448
Santa Clara, Utah 84765

John Krause
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U.S. Department of Interior
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Deborah Hamlin
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St. George, UT 84771

RE: Progress report for December 2004 activities - Hecla Mining Company Apex Site (EPA
ID No. UT982589848, Docket No. RCRA-8-99-06)

Dear Chairman Rogers, Mr. Krause and Ms. Hamlin:

Per paragraph 64 of the Order, enclosed is a copy of the December 2004 progress report for your records.

If you have any questions please do not hesitate to call me at (208) 769-4135 or e-mail at cgypton@hecla-mining.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Gypton", written over a horizontal line.

Chris Gypton
Project Manager

Encl

Cc: John Galbavy, Esq. (HMC) (w/o attachments)
John Jacus, Esq. (DG&S) (w/o attachments)
Eric Johnson (USEPA, Region VIII) (w/o attachments)